



BAC 7710-FW-P

POSTAL REGULATORY COMMISSION

39 CFR part 3050

[Docket No. RM2017-12; Order No. 4025]

Periodic Reporting

AGENCY: Postal Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Commission is announcing a recent filing requesting that the Commission initiate an informal rulemaking proceeding to consider changes to an analytical method for use in periodic reporting (Proposal Eight). This document informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* September 18, 2017.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

Table of Contents

I. Introduction

- II. Proposal Eight
- III. Notice and Comment
- IV. Ordering Paragraphs

I. Introduction

On July 31, 2017, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate a rulemaking proceeding to consider changes to analytical principles relating to periodic reports and compliance determinations.¹ The Petition identifies the proposed analytical method changes filed in this docket as Proposal Eight.

II. Proposal Eight

The Postal Service explains that, since the passage of the Postal Accountability and Enhancement Act (PAEA) in 2006, it has been applying the “60 percent rule” codified in 39 U.S.C. 3626(a)(6)(A), to USPS Marketing Mail (formerly Standard Mail) overall. Petition, Proposal Eight at 1. It now proposes to return to its pre-PAEA application of the 60 percent rule at the subclass level, *i.e.* to USPS Marketing Mail Regular and USPS Marketing Mail Enhanced Carrier Route (ECR) separately. *Id.*

Background. Commonly referred to as the “60 percent rule”, section 1(d) of Public Law 106-384 was promulgated in October 27, 2000, and codified in 39 U.S.C. 3626(a)(6)(A). It states that for USPS Marketing Mail, the “average (Nonprofit) revenue per piece...shall be equal, as nearly as practicable, to 60

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Eight), July 31, 2017 (Petition).

percent of the estimated average revenue per piece to be received from the most closely corresponding regular-rate subclass of mail.” *Id.* at 2 (emphasis omitted) (footnote omitted). After the PAEA was passed in 2006, the term “subclasses” was no longer explicitly defined in the Mail Classification Schedule, and the Postal Service began applying the “60 percent rule” at the class level in Docket No. R2008-1. *Id.*

The Postal Service states that, although application at the class level was simpler, it also had the unintended effect of giving relative price relief to Nonprofit mail. Because Nonprofit mail is less concentrated in USPS Marketing Mail ECR, both USPS Regular and USPS ECR generate a lower average revenue per piece ratio than USPS Marketing Mail overall. *Id.*

Proposal. The Postal Service proposes to return to its pre-PAEA practice of applying the “60 percent rule” to USPS Marketing Mail Regular and USPS Marketing Mail ECR separately. *Id.* at 5. It asserts that this would be consistent with the language of the statute and in accordance with the pre-PAEA subclass definitions. *Id.*

Impacts. The Postal Service states that application of the rule on the subclass level would reverse the downward shift in the two subclass-level Nonprofit-to-Commercial average revenue per piece ratios that occurred when the Postal Service switched to applying the rule at the class level. *Id.* As applied to the prices from Docket No. R2017-1, it calculates that (on a revenue-neutral basis), a +3.33 percent price change would be required for Regular Nonprofit

Mail and a -0.47 percent change would be needed for Regular Commercial. For ECR Mail, the required changes would amount to a 6.94 percent increase in nonprofit prices and a 0.27 percent decrease for Commercial. *Id.* If adopted, the Postal Service would aim to phase in the price changes to avoid rate shock. *Id.*

III. Notice and Comment

The Commission establishes Docket No. RM2017-12 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission's Web site at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Eight no later than September 18, 2017. Pursuant to 39 U.S.C. 505, Richard A. Oliver is designated as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

IV. Ordering Paragraphs

It is ordered:

1. The Commission establishes Docket No. RM2017-12 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Eight), filed July 31, 2017.

2. Comments by interested persons in this proceeding are due no later than September 18, 2017.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Richard A. Oliver to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

4. The Secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

Stacy L. Ruble,

Secretary.

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